

General Assembly

Substitute Bill No. 7331

January Session, 2019



## AN ACT CONCERNING SPORTS WAGERING IN THE STATE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (Effective July 1, 2019) (a) As used in this section
- 2 and sections 2 to 6, inclusive, of this act, unless the context otherwise
- 3 requires:
- 4 (1) "Casino gaming facility" has the same meaning as provided in
- 5 section 12-557b of the general statutes;
- 6 (2) "Commissioner" means the Commissioner of Consumer
- 7 Protection;
- 8 (3) "Department" means the Department of Consumer Protection;
- 9 (4) "Electronic sports wagering platform" or "platform" means the
- 10 combination of hardware, software and data networks used to
- 11 manage, administer, offer or control sports wagering over the Internet,
- 12 including through an Internet web site or a mobile device;
- 13 (5) "Licensed sports wagering operator" means an operator licensed
- 14 by the commissioner to conduct sports wagering in person or sports
- 15 wagering on a platform;
- 16 (6) "Mashantucket Pequot memorandum of understanding" means

- 17 the memorandum of understanding entered into by and between the
- 18 state and the Mashantucket Pequot Tribe on January 13, 1993, as
- 19 amended from time to time;
- 20 (7) "Mashantucket Pequot procedures" means the Final
- 21 Mashantucket Pequot Gaming Procedures prescribed by the Secretary
- 22 of the United States Department of the Interior pursuant to 25 USC
- 23 2710(d)(7)(B)(vii) and published in 56 Federal Register 24996 (May 31,
- 24 1991), as amended from time to time;
- 25 (8) "Minor" means an individual who is under twenty-one years of
- 26 age;
- 27 (9) "Mohegan compact" means the Tribal-State Compact entered
- 28 into by and between the state and the Mohegan Tribe of Indians of
- 29 Connecticut on May 17, 1994, as amended from time to time;
- 30 (10) "Mohegan memorandum of understanding" means the
- 31 memorandum of understanding entered into by and between the state
- 32 and the Mohegan Tribe of Indians of Connecticut on May 17, 1994, as
- 33 amended from time to time;
- 34 (11) "Operator eligible to conduct sports wagering in person" means
- 35 a person or business organization operating the off-track betting
- 36 system, a limited liability company operating a casino gaming facility
- 37 that offers sports wagering and the Connecticut Lottery Corporation;
- 38 (12) "Operator eligible to conduct sports wagering on a platform"
- 39 means a limited liability company operating a casino gaming facility
- 40 that offers sports wagering, the Connecticut Lottery Corporation and
- 41 any other individual or business organization applying to the
- 42 commissioner for a license pursuant to section 4 of this act;
- 43 (13) "Sports bettor" means an individual who is not a minor and is
- 44 physically present in this state when placing a sports wager with a
- 45 licensed sports wagering operator;

- (14) "Sporting event" means (A) any sporting or athletic event at which two or more persons participate and receive compensation in excess of actual expenses for such participation in such sporting or athletic event, or (B) any sporting or athletic event sponsored by an intercollegiate athletic program of an institution of higher education. "Sporting event" does not include horse racing, any sporting or athletic event that involves a university or college of the state system of public higher education, as described in section 10a-1 of the general statutes, or an independent institution of higher education, as defined in section 10a-173 of the general statutes, or any sporting or athletic event sponsored by a minor league or high school;
- (15) "Sports governing body" means the organization that prescribes final rules and enforces codes of conduct with respect to a sporting event and participants in the sporting event;
- (16) "Sports wagering" means risking or accepting any money, credit, deposit or other thing of value for gain contingent in whole or in part on (A) a sporting event or a portion or portions of a sporting event, or (B) the individual performance statistics of an athlete or athletes in a sporting event or a combination of sporting events. "Sports wagering" does not include the payment of an entry fee to play fantasy contests, as defined in section 12-578aa of the general statutes;
- (17) "Sports wagering in person" means sports wagering using any system or method of wagering requiring a sports bettor to be physically present at a facility in this state;
- (18) "Sports wagering on a platform" means sports wagering using any system or method of wagering over the Internet, including through an Internet web site or a mobile device, that does not require a sports bettor to be physically present at a facility in this state that conducts sports wagering in person;
- 75 (19) "Sports wagering gross revenue" means the amount equal to the 76 total amount of all wagers placed on sporting events not excluded

- 77 from sports wagering that a licensed sports wagering operator collects
- 78 from all sports bettors, less the total amount of all sums paid out as
- 79 winnings to sports bettors, except that the cash equivalent value of any
- 80 merchandise or thing of value awarded as a prize shall not be included
- 81 in the sums paid out as winnings; and
- 82 (20) "Sports wagering vendor" means a person or business 83 organization that develops or maintains an electronic sports wagering 84 platform on behalf of a licensed operator eligible to conduct sports 85 wagering on a platform.
- Sec. 2. (NEW) (*Effective July 1, 2019*) (a) The provisions of this section, sections 1 and 3 to 6, inclusive, and 15 and 20 of this act, and sections 12-561, 12-577, 12-578f, 12-801, 12-806, 12-810, 12-811, 12-812, 12-816, 17a-713 and 53-278a of the general statutes, as amended by this act, shall not be effective unless the following conditions have been met:
  - (1) On or after the effective date of this section, the Governor enters into new tribal-state compacts with the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut pursuant to the federal Indian Gaming Regulatory Act, P.L. 100-497, 25 USC 2710(d)(3) concerning the authorization of sports wagering that: (A) Allows each tribe to offer sports wagering on Indian lands and through an electronic sports wagering platform, (B) provides that the authorization of sports wagering in person and through an electronic sports wagering platform in this state does not relieve each tribe from the tribe's obligation to contribute a percentage of the gross operating revenues of video facsimile games to the state as provided in the Mashantucket Pequot memorandum of understanding and the Mohegan memorandum of understanding, as the case may be, and (C) provides that the authorization of sports wagering in person and through an electronic sports wagering platform in this state does not terminate the moratoria on the operation of video facsimile games by the tribes pursuant to section 15(a) of the Mashantucket Pequot procedures and section 15(a) of the Mohegan compact.

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- 110 (2) The new tribal-state compacts are approved or deemed 111 approved by the Secretary of the United States Department of the 112 Interior pursuant to the federal Indian Gaming Regulatory Act, P.L. 113 100-497, 25 USC 2701 et seq., and its implementing regulations. If such 114 approval is overturned by a court in a final judgment, which is not 115 appealable, the authorization for sports wagering provided under this 116 section shall cease to be effective.
- 117 (3) The new tribal-state compacts are approved by the General 118 Assembly pursuant to section 3-6c of the general statutes.
  - (b) On and after July 1, 2019, the commissioner may issue licenses to operate sports wagering in person, licenses to operate sports wagering on a platform, and sports wagering vendor licenses, as applicable, in accordance with sections 3 and 4 of this act.
- Sec. 3. (NEW) (*Effective July 1, 2019*) (a) No person may conduct sports wagering in person in this state unless the person is an operator eligible to conduct sports wagering in person and such operator has obtained a license from the commissioner pursuant to this section.
  - (b) (1) Each applicant for a license pursuant to this section shall submit a completed application on forms prescribed by the commissioner. Such application may require the applicant to submit any information the commissioner deems pertinent to the issuance of such license. Each applicant, except the Connecticut Lottery Corporation, shall submit to state and national criminal history records checks, conducted in accordance with section 29-17a of the general statutes, before such license is issued.
  - (2) Each applicant for a license to operate sports wagering in person shall submit with its application a nonrefundable application fee of one hundred thousand dollars. Except as provided in subsection (c) of this section, each such license shall expire biennially on the anniversary date of the issuance of such license unless renewed in accordance with this section. The nonrefundable application fee for

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- such renewal shall be one hundred thousand dollars. Upon the issuance or renewal of a license, the licensee shall pay a licensing fee of seven hundred fifty thousand dollars to the commissioner. The Connecticut Lottery Corporation shall be exempt from the application fee, renewal application fee and licensing fee for a license to operate sports wagering in person.
- (3) If licensed pursuant to this section, (A) a person or business organization operating the off-track betting system may conduct sports wagering in person at any of the system facilities authorized for off-track betting under section 12-571a of the general statutes, and (B) the Connecticut Lottery Corporation may conduct sports wagering in person at no more than four high tier claim centers, as designated by the corporation.
  - (4) Applications for renewal of any such license shall be on such form as prescribed by the commissioner.
  - (c) (1) The commissioner shall, as soon as practicable after the receipt of a completed license or renewal application, grant or deny the license or renewal application. Any holder of a license issued pursuant to this section who submits an application to renew such license prior to the expiration of such license may continue to perform the activities authorized by such license until the commissioner approves or denies such renewal application.
  - (2) Failure by any operator eligible to conduct sports wagering in person that holds a license pursuant to this section or any off-track betting facility or high tier claim center to comply with the requirements of this section and any regulations adopted pursuant to section 5 of this act shall constitute grounds for the commissioner to investigate such licensee or facility. A violation of the provisions of section 4 of this act by an operator eligible to conduct sports wagering in person that is licensed pursuant to this section and section 4 of this act shall constitute grounds for an investigation. After a hearing held in accordance with the provisions of chapter 54 of the general statutes,

- the commissioner may suspend or revoke such license for good cause or suspend operations at such facility and impose a civil penalty of not more than two hundred fifty thousand dollars. Any licensee whose license is suspended or revoked or who is fined, any facility whose sports wagering in person operations are suspended or that is fined, or any applicant aggrieved by the action of the commissioner concerning an application for a license or renewal application, may appeal in accordance with the provisions of chapter 54 of the general statutes.
  - Sec. 4. (NEW) (Effective July 1, 2019) (a) No person may conduct sports wagering on a platform unless the person is an operator eligible to conduct sports wagering on a platform and such operator has obtained a license pursuant to this section.
  - (b) (1) A limited liability company operating a casino gaming facility that offers sports wagering and the Connecticut Lottery Corporation may submit an application for a license pursuant to this section. Such application may require the submission of information listed in subdivisions (2) to (7), inclusive, of subsection (d) of this section, and any information the commissioner deems pertinent to the issuance of such license. Such license shall expire biennially on the anniversary date of the issuance of such license unless renewed in accordance with subsection (j) of this section.
  - (2) Each applicant, except the Connecticut Lottery Corporation, shall submit to state and national criminal history records checks, conducted in accordance with section 29-17a of the general statutes, and submit a nonrefundable application fee of one hundred thousand dollars, before such license is issued. Upon the issuance or renewal of a license, the licensee, except the Connecticut Lottery Corporation, shall pay a licensing fee of seven hundred fifty thousand dollars to the commissioner.
  - (c) Not later than sixty days after the conditions specified in section 2 of this act have been met, the commissioner shall develop and issue a request for proposals to qualify individuals or businesses for up to

205 206	three additional licenses to develop, manage, operate and maintain sports wagering on a platform in this state.
207	(d) The request for proposals shall require a responder to:
208 209 210	(1) Specify the amount the responder is willing to pay to obtain a license, which shall be no less than seven hundred fifty thousand dollars;
<ul><li>211</li><li>212</li><li>213</li></ul>	(2) Specify the number of employees and physical office locations the respondent has or will have in this state to ensure the proper operation of sports wagering on a platform;
214	(3) Describe the electronic sports wagering platform to be used;
215 216	(4) Describe the types and numbers of sporting events the responder will offer for sports wagering in this state;
<ul><li>217</li><li>218</li><li>219</li></ul>	(5) Provide a market analysis detailing the impact on and benefits to the state if the responder receives a license, including projected revenue to the state;
<ul><li>220</li><li>221</li><li>222</li><li>223</li></ul>	(6) Provide information and documentation to demonstrate that the responder has sufficient business ability, experience and financial stability to develop, manage, operate and maintain sports wagering on an electronic platform in this state;
<ul><li>224</li><li>225</li><li>226</li><li>227</li></ul>	(7) Describe the methods used to ensure the integrity of the platform and security controls to be used regarding the (A) sports data acquired to determine the results of sports wagers, (B) sports bettor data, and (C) sports bettor verification of age and presence in the state;
228 229	(8) Provide a responsible gaming plan associated with the operation of sports wagering; and
230	(9) Provide any other information the commissioner deems

necessary to evaluate the qualifications of the responder.

- (e) Each proposal shall be submitted not later than thirty days after the date the commissioner issues the request for proposals pursuant to subsection (c) of this section. Each proposal shall be accompanied by a fee of one hundred thousand dollars, which shall be refundable if the responder is (1) not selected by the commissioner to receive a license, and (2) waives the right to challenge the commissioner's decision.
- (f) The commissioner shall develop selection criteria and a scoring method to evaluate responses to the request for proposals. Of those deemed qualified under the selection criteria and scoring method, the commissioner shall rank the responders based on the licensing fee each offered to pay in the responder's proposal, from highest to lowest. The commissioner shall issue a license to the qualified responder who offered to pay the highest licensing fee. The licensing fee paid by the first qualified responder accepting a license from the commissioner shall establish the licensing fee that the commissioner shall offer to additional qualified responders. The commissioner shall issue additional licenses using the ranked list of qualified responders, issuing the first such license to the highest ranked responder and proceeding through the list, from highest to lowest, until the commissioner has issued not more than two additional licenses. The commissioner shall not issue more than three licenses under this process and shall not issue a license for a fee of less than seven hundred fifty thousand dollars.
- (g) A license issued pursuant to subsection (f) of this section shall expire two years after issuance, but the commissioner may extend a license for an additional two years upon renegotiation of the licensing fee established through the process described under subsection (f) of this section.
- (h) The commissioner may initiate additional requests for proposals to issue licenses pursuant to this section if the commissioner does not issue three licenses pursuant to subsection (e) of this section or a license expires pursuant to subsection (g) of this section. If the commissioner does not issue or renew a license to a limited liability

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- company operating a casino gaming facility that offers sports wagering or the Connecticut Lottery Corporation, the commissioner may initiate a request for proposal to issue a license in place of the license or licenses not issued or renewed.
- (i) (1) No person or business organization may develop an electronic sports wagering platform on behalf of a licensed operator eligible to conduct sports wagering on a platform unless such person or business organization holds a sports wagering vendor license issued by the commissioner pursuant to this subsection.
- (2) Each applicant for a sports wagering vendor license shall submit with its application a nonrefundable application fee of one hundred thousand dollars. Except as provided in subsection (j) of this section, each such license shall expire biennially on the anniversary date of the issuance of such license unless renewed in accordance with this section. The nonrefundable application fee for such renewal shall be one hundred thousand dollars. Upon the issuance or renewal of a license, the licensee shall pay a licensing fee of three hundred thousand dollars to the commissioner.
- (3) Applications for renewal of any such license shall be on such form as prescribed by the commissioner.
- (j) (1) The commissioner shall, as soon as practicable after the receipt of a completed license or renewal application, grant or deny the license or renewal application. Any holder of a license issued pursuant to this section who submits an application to renew such license prior to the expiration of such license may continue to perform the activities authorized by such license until the commissioner approves or denies such renewal application.
- (2) Failure by any operator eligible to conduct sports wagering on a platform that holds a license pursuant to this section to comply with the provisions of this section and any regulations adopted pursuant to section 5 of this act shall constitute grounds for the commissioner to

- investigate such licensee. A violation of the provisions of section 3 of 296 297 this act by an operator eligible to conduct sports wagering on a 298 platform that is licensed pursuant to section 3 of this act and this 299 section shall constitute grounds for an investigation. After a hearing 300 held in accordance with the provisions of chapter 54 of the general 301 statutes, the commissioner may suspend or revoke such license for 302 good cause and impose a civil penalty of not more than two hundred 303 fifty thousand dollars. Any licensee whose license is suspended or 304 revoked or who is fined or any applicant aggrieved by the action of the 305 commissioner concerning an application for a license or renewal 306 application, may appeal in accordance with the provisions of chapter 54 of the general statutes. 307
- Sec. 5. (NEW) (*Effective July 1, 2019*) (a) Each licensed sports wagering operator shall:
- 310 (1) Verify that a sports bettor is at least twenty-one years of age;
- 311 (2) Allow any individual to exclude himself or herself from placing 312 sports wagers or limit the amount of money such individual may use 313 to place sports wagers with an operator, and, on and after the date the 314 operator is notified by such individual of such exclusion or limit, shall 315 take reasonable steps to prevent such individual from placing sports 316 wagers or exceeding such limit, as the case may be;
  - (3) Enter into an agreement with a provider of sporting event data that meets or exceeds the minimum qualifications set forth in regulations adopted by the commissioner pursuant to subsection (i) of this section;
- 321 (4) Report any suspicion of abnormal betting activity to the 322 commissioner for immediate investigation by the commissioner;
- 323 (5) Maintain the security of wagering data, sports bettor data and 324 other confidential information to prevent unauthorized access to and 325 dissemination of such data and information; and

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- 326 (6) Share records in real time, at the account level and in 327 pseudonymous form, to the department with respect to sports wagers 328 placed with such operator.
  - (b) (1) No individual who is a licensed sports wagering operator or sports wagering vendor, an officer, director, owner or employee of a sports wagering operator or sports wagering vendor, and no family member of such individual who resides in the same household as such individual, shall place any wager with a licensed sports wagering operator.
    - (2) No athlete, coach, referee, team owner, employee of a sports governing body, employee of a sports governing body's member teams, or personnel of any bargaining unit of a sports governing body's athletes or referees, shall place any wager on any sporting event overseen by such governing body. In determining which individuals are prohibited from placing a wager under this subdivision, a licensed sports wagering operator shall use publicly available information and any lists provided by the relevant sports governing body to the commissioner.
    - (3) No individual with access to nonpublic, confidential information that could affect the outcome of a sporting event shall place any wager on such sporting event with any licensed sports wagering operator.
    - (4) No individual shall place any sports wager pursuant to this section as an agent or a proxy for another individual.
    - (5) Each licensed sports wagering operator shall take reasonable steps to prevent the conduct prohibited under subdivisions (1) to (4), inclusive, of this subsection and shall immediately notify the commissioner if such operator believes such conduct has occurred.
    - (6) A licensed sports wagering operator and a licensed sports wagering vendor shall not disclose or sell any sports bettor's information. Records that directly or indirectly identify a sports bettor shall be kept confidential and shall not be disclosed.

- (7) No prizes shall be paid to any individual who is restricted from placing sports wagers pursuant to this subsection. Any such prize shall be deposited into the sports wagering account established in section 6 of this act.
- (c) Except as provided in section 12-816 of the general statutes, as amended by this act, a tax is imposed on sports wagering gross revenue earned by a licensed sports wagering operator at the rate of ten per cent. The Commissioner of Revenue Services shall assess and collect such tax as the commissioner may prescribe by regulations adopted in accordance with the provisions of chapter 54 of the general statutes. The commissioner shall deposit the tax collected pursuant to this section in the sports wagering account established by section 6 of this act. Such tax shall be due and payable each Tuesday of the week. If any such tax is not paid when due, the commissioner shall impose a delinquency assessment upon the licensed sports wagering operator in the amount of ten per cent of such tax or ten dollars, whichever amount is greater, plus interest at the rate of one and one-half per cent of the unpaid principal of such tax for each month or fraction of a month from the date such tax is due to the date of payment. Subject to the provisions of section 12-3a of the general statutes, the commissioner may waive all or part of the penalties provided under this subsection when it is proven to the commissioner's satisfaction that the failure to pay such tax within the time required was due to reasonable cause and was not intentional or due to neglect. Failure to pay any such delinquent tax upon demand may be considered by the Commissioner of Consumer Protection as cause for revocation of a license to operate sports wagering.
- (d) The amount of unclaimed moneys, as determined by the Commissioner of Consumer Protection, held by a licensed sports wagering operator on account of outstanding and uncashed winning sports wagering tickets, shall be due and payable to the commissioner at the expiration of six months after the date of the sporting event during which such tickets were issued. If any such unclaimed moneys

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are not paid when due, the commissioner shall impose a delinquency assessment upon the licensed sports wagering operator in the amount of ten per cent of such money or ten dollars, whichever amount is greater, plus interest at the rate of one and one-half per cent of the unpaid principal of such moneys for each month or fraction of a month from the date such moneys are due to the date of payment. Subject to the provisions of section 12-3a of the general statutes, the commissioner may waive all or part of the penalties provided under this subsection when it is proven to the commissioner's satisfaction that the failure to pay such moneys within the time required was due to reasonable cause and was not intentional or due to neglect.

- (e) The commissioner or the commissioner's designee may authorize deputies to enter upon the premises of a licensed sports wagering operator's place of business for the purposes of inspecting books and records, and supervising and examining cashiers, ticket sellers and other persons handling money on behalf of such operator.
- (f) A sports governing body may request that the commissioner restrict, limit or exclude wagering on a sporting event or events by providing notice in such form and manner as the commissioner prescribes.
- (g) (1) Each licensed sports wagering operator that offers sports wagering shall immediately report to the commissioner any information relating to (A) criminal or disciplinary proceedings commenced against such operator or an employee of such operator in connection with its operations, (B) abnormal betting activity or patterns that may indicate a concern with the integrity of a sporting event, (C) any potential breach of the relevant sports governing body's internal rules or codes of conduct pertaining to sports wagering, (D) any other conduct that corrupts the betting outcome of a sporting event for purposes of financial gain, including match-fixing, and (E) suspicious or illegal wagering activities, including the use of funds derived from illegal activity to place a wager, the placing of a wager to conceal funds derived from illegal activity, the use of an agent or a

- proxy to place a wager or the use of false identification to place a wager.
- 425 (2) Such operator shall also immediately report to the relevant 426 sports governing body any information relating to conduct described 427 under subparagraphs (B) to (D), inclusive, of subdivision (1) of this 428 subsection.
  - (h) If the commissioner finds, after a hearing conducted pursuant to chapter 54 of the general statutes, that any individual or entity knowingly violated any provision of this section or any regulation adopted pursuant to subsection (i) of this section, the commissioner shall assess such individual or entity a civil penalty of not more than fifty thousand dollars for each violation, not to exceed two hundred fifty thousand dollars for multiple violations arising out of the same transaction or occurrence.
  - (i) The commissioner shall adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, to implement the provisions of this section and sections 3 and 4 of this act. Such regulations shall include provisions to protect the public interest in the integrity of sports wagering and reduce the dangers of unsuitable, unfair or illegal practices, methods and activities in the conduct of sports wagering. Such regulations shall include, but need not be limited to, provisions regarding: (1) The types of sporting events upon which sports wagers may be placed or accepted; (2) the minimum amount of cash reserves to be maintained by licensed sports wagering operators; (3) the acceptance of wagers on a series of sports events; (4) the maximum wagers which may be accepted by a licensed sports wagering operator from any one sports bettor on any one sports event; (5) the type of wagering tickets which shall be used; (6) the method of issuing tickets; (7) minimum accounting standards for a licensed sports wagering operator; (8) the types of records which shall be maintained by a licensed sports wagering operator and available for inspection upon the request of the commissioner; (9) requirements for information and reports from a licensed sports wagering operator to

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enable effective auditing of sports wagering operations; (10) requirements for establishing and funding a sports wagering account; (11) minimum qualifications for a provider of sporting events data; and (12) requirements for any advertisement for sports betting to ensure such advertisement (A) does not target minors, problem gamblers or other vulnerable individuals, (B) includes information about gambling addiction or Internet web site links to resources related to gambling addiction, and (C) is not false, misleading or deceptive to a reasonable consumer.

- Sec. 6. (NEW) (*Effective July 1, 2019*) (a) There is established an account to be known as the "sports wagering account" which shall be a separate, nonlapsing account within the General Fund. Any amounts received by the commissioner pursuant to sections 3 to 5, inclusive, of this act shall be deposited in the sports wagering account. The account shall contain any other moneys required by law to be deposited in the account.
- (b) Moneys in the account shall be expended by the commissioner for the purposes of compensating the department for the reasonable and necessary costs incurred by the department for the regulatory and licensing activities specified in sections 1 to 5, inclusive, of this act. On and after the first full fiscal year that the commissioner finds money has been deposited in the sports wagering account, the commissioner shall contribute two per cent of the moneys deposited in the account during the previous fiscal year to the program for treatment and rehabilitation of compulsive gamblers established pursuant to section 17a-713 of the general statutes. At the end of each fiscal year, the commissioner shall transfer any money in excess of such reasonable and necessary costs and such contribution to the General Fund.
- (c) The commissioner may establish receivables for the expenses to be incurred by the department prior to moneys being deposited in the sports wagering account. Such receivables shall not exceed nine hundred thousand dollars.

Sec. 7. Section 12-577 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019*):

The commissioner shall annually cause to be made by some competent person or persons in the department a thorough audit of the books and records of each association licensee under this chapter, [and] each casino gaming facility and each licensed sports wagering operator, as defined in section 1 of this act, and the commissioner may, from time to time, cause to be made by some competent person in the department a thorough audit of the books and records of any other person or business organization licensed under this chapter. All such audit records shall be kept on file in the commissioner's office at all times. Each licensee and casino gaming facility shall permit access to its books and records for the purpose of having such audit made, and shall produce, upon written order of the commissioner, any documents and information required for such purpose.

- Sec. 8. Subsection (b) of section 12-811 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July* 1, 2019):
- (b) No director, officer or employee of the corporation shall, directly or indirectly, participate in, or share in the winnings from, (1) a game conducted pursuant to sections 12-563a and 12-800 to 12-818, inclusive, or (2) sports wagering, if the corporation conducts sports wagering pursuant to section 3 or 4 of this act.
- Sec. 9. Section 12-812 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019*):
  - (a) The president of the corporation, subject to the direction of the board, shall conduct daily, weekly, multistate, special instant or other lottery games and shall determine the number of times a lottery shall be held each year, the form and price of the tickets and the aggregate amount of prizes, which shall not be less than forty-five per cent of the sales unless required by the terms of any agreement entered into for

- 519 the conduct of multistate lottery games. The proceeds of the sale of 520 tickets shall be deposited in the lottery fund of the corporation from 521 which prizes shall be paid, upon vouchers signed by the president, or 522 by either of two persons designated and authorized by him, in such 523 numbers and amounts as the president determines. The corporation 524 may limit its liability in games with fixed payouts and may cause a 525 cessation of sales of tickets of certain designation when such liability 526 limit has been reached. If licensed to conduct sports wagering 527 pursuant to section 3 or 4 of this act, the president shall deposit the 528 proceeds of sales related to sports wagering, as defined in section 1 of 529 this act, in the lottery fund, from which prizes shall be paid.
  - (b) The president, subject to the direction of the board, may enter into agreements for the sale of product advertising on lottery tickets, play slips and other lottery media.
- 533 (c) On a weekly basis, the president shall estimate, and certify to the 534 State Treasurer, that portion of the balance in the lottery fund which 535 exceeds the current needs of the corporation for the payment of prizes, 536 the payment of current operating expenses and funding of approved 537 reserves of the corporation, [. The] and that portion of the balance that 538 is attributable to the proceeds of sports wagering, as defined in section 539 1 of this act. Upon notification of receipt of such certification by the 540 Treasurer, the corporation shall transfer the amount so certified from 541 the lottery fund of the corporation to the General Fund, Jupon 542 notification of receipt of such certification by the Treasurer] except that 543 the corporation shall transfer the amount attributable to the proceeds 544 of sports wagering to the sports wagering account established in 545 section <u>6 of this act</u>.
- Sec. 10. Subdivision (2) of section 53-278a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July* 1, 2019):
- 549 (2) "Gambling" means risking any money, credit, deposit or other 550 thing of value for gain contingent in whole or in part upon lot, chance

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or the operation of a gambling device, including the playing of a casino gambling game such as blackjack, poker, craps, roulette or a slot machine, but does not include: Legal contests of skill, speed, strength or endurance in which awards are made only to entrants or the owners of entries; legal business transactions which are valid under the law of contracts; activity legal under the provisions of sections 7-169 to 7-186, inclusive; any lottery or contest conducted by or under the authority of any state of the United States, Commonwealth of Puerto Rico or any possession or territory of the United States; and other acts or transactions expressly authorized by law on or after October 1, 1973. Fantasy contests, as defined in section 12-578aa, shall not be considered gambling, provided the conditions set forth in subsection (b) of section 12-578aa have been met and the operator of such contests is registered pursuant to subdivision (1) of subsection (d) of section 12-578aa. Sports wagering, as defined in section 1 of this act, shall not be considered gambling if the conditions set forth in section 2 of this act have been met and the sports wagering is conducted by a licensed sports wagering operator, as defined in section 1 of this act;

- Sec. 11. Subdivision (4) of section 53-278a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July* 571 1, 2019):
  - (4) "Gambling device" means any device or mechanism by the operation of which a right to money, credits, deposits or other things of value may be created, as the result of the operation of an element of chance; any device or mechanism which, when operated for a consideration, does not return the same value or thing of value for the same consideration upon each operation thereof; any device, mechanism, furniture or fixture designed primarily for use in connection with professional gambling; and any subassembly or essential part designed or intended for use in connection with any such device, mechanism, furniture, fixture, construction or installation, provided an immediate and unrecorded right of replay mechanically conferred on players of pinball machines and similar amusement

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584 devices shall be presumed to be without value. "Gambling device" 585 does not include a crane game machine or device or a redemption 586 machine. A device or equipment used to play fantasy contests, as 587 defined in section 12-578aa, shall not be considered a gambling device, 588 provided the conditions set forth in subsection (b) of section 12-578aa 589 have been met. A device or equipment used to participate in sports wagering, as defined in subsection (a) of section 1 of this act, shall not 590 591 be considered a gambling device if the conditions set forth in section 2 592 of this act have been met;

Sec. 12. Section 12-561 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019*):

No commissioner or unit head or employee of the department shall directly or indirectly, individually or as a member of a partnership or as a shareholder of a corporation, have any interest whatsoever in dealing in any lottery, racing, fronton, betting enterprise or casino gaming facility or in the ownership or leasing of any property or premises used by or for any lottery, racing, fronton, betting enterprise or casino gaming facility. No commissioner or unit head shall, directly or indirectly, wager at any off-track betting facility, race track or fronton authorized under this chapter, purchase lottery tickets issued under this chapter, [or] play, directly or indirectly, any authorized game conducted at a casino gaming facility or place a sports wager with a licensed sports wagering operator, as defined in section 1 of this act. The commissioner may adopt regulations in accordance with the provisions of chapter 54 to prohibit any employee of the department from engaging, directly or indirectly, in any form of legalized gambling activity in which such employee is involved because of his or her employment with the department. For purposes of this section, "unit head" means a managerial employee with direct oversight of a legalized gambling activity.

Sec. 13. Section 12-810 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019*):

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- (a) The Freedom of Information Act, as defined in section 1-200, shall apply to all actions, meetings and records of the corporation, except (1) where otherwise limited by subsection (c) of this section as to new lottery games and serial numbers of unclaimed lottery tickets, [and] (2) with respect to financial, credit and proprietary information submitted by any person to the corporation in connection with any proposal to provide goods, services or professional advice to the corporation as provided in section 12-815, and (3) as provided in subsection (d) of this section.
  - (b) The records of proceedings as provided in subsection (a) of section 12-805 shall be subject to disclosure pursuant to the provisions of subsection (a) of section 1-210.
  - (c) Any new lottery game and the procedures for such game, until the game is publicly announced by the corporation, and any serial number of an unclaimed lottery ticket shall not be deemed public records, as defined in section 1-200, and shall not be available to the public under the provisions of section 1-210. The president shall submit a fiscal note prepared by the corporation with respect to the procedures for a new lottery game to the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue, bonding and public safety after approval of such game by the board.
  - (d) The name and any personally identifying information of a person who is participating in or has participated in the corporation's sports wagering voluntary self-exclusion process established in subsection (a) of section 5 of this act shall not be deemed public records, as defined in section 1-200, and shall not be available to the public under the provisions of section 1-210. The president may disclose the name and any records of such person if such person claims a winning from placing a sports wager.
- Sec. 14. Subdivision (1) of subsection (a) of section 12-578f of the general statutes is repealed and the following is substituted in lieu

thereof (Effective July 1, 2019):

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- 649 (1) "Authorized games" means any game of chance, including, but 650 not limited to, blackjack, poker, dice, money-wheels, roulette, baccarat, chuck-a-luck, pan game, over and under, horse race game, acey-deucy, 652 beat the dealer, bouncing ball, video facsimile game and any other 653 game of chance authorized by the Commissioner of Consumer 654 Protection. "Authorized games" does not include sports wagering, as 655 defined in subsection (a) of section 1 of this act;
- 656 Sec. 15. (NEW) (Effective July 1, 2019) (a) The Commissioner of Economic and Community Development shall seek partnerships with 657 658 professional sports leagues and governing bodies to promote sports 659 activities and economic development in this state. The commissioner 660 shall contact representatives of Major League Baseball, the Professional 661 Golfers' Association, the Ladies Professional Golf Association, the 662 National Basketball Association, the National Hockey League, the 663 National Football League, Major League Soccer, the National Women's 664 Soccer League and any other professional sports league or governing 665 body the commissioner identifies. The commissioner may consult with 666 members of the General Assembly, business leaders, municipal leaders 667 and other interested stakeholders in developing partnerships with 668 professional sports leagues or governing bodies. The commissioner 669 shall set a goal of scheduling at least three major league professional 670 sports events in the state each year, at locations that reflect the 671 geographic and demographic diversity of the state.
  - (b) Not later than July 1, 2020, and annually thereafter, the commissioner shall submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to and security and commerce concerning public safety commissioner's activities during the preceding year in developing partnerships with professional sports leagues and governing bodies and scheduling events in the state.

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- Sec. 16. Section 12-816 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019*):
- 682 The exercise of the powers granted by sections 1-120, 1-121, 1-125, 683 12-563, 12-563a, 12-564, 12-566, 12-568a and 12-569, subsection (c) of 684 section 12-574, [and] sections 12-800 to 12-818, inclusive, and sections 3 685 and 4 of this act, if the corporation is a licensed sports wagering 686 operator, constitute the performance of an essential governmental 687 function and all operations of the corporation shall be free from any 688 form of federal or state taxation. In addition, except pursuant to any 689 federal requirements, the corporation shall not be required to pay any 690 taxes or assessments upon or in respect to sales of lottery tickets, or 691 any property or moneys of the corporation, levied by the state or any 692 political subdivision or municipal taxing authority. The corporation 693 and its assets, property and revenues shall at all times be free from 694 taxation of every kind by the state and by the municipalities and all 695 other political subdivisions or special districts having taxing powers in 696 the state.
- Sec. 17. Section 12-801 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019*):
- As used in section 12-563a and sections 12-800 to 12-818, inclusive, the following terms shall have the following meanings unless the context clearly indicates another meaning:
- 702 (1) "Board" or "board of directors" means the board of directors of the corporation;
- 704 (2) "Corporation" means the Connecticut Lottery Corporation as created under section 12-802;
- 706 (3) "Division" means the former Division of Special Revenue in the 707 Department of Revenue Services;
- 708 (4) "Lottery" means (A) the Connecticut state lottery conducted prior 709 to the transfer authorized under section 12-808 by the Division of

- 710 Special Revenue, (B) after such transfer, the Connecticut state lottery
- 711 conducted by the corporation pursuant to sections 12-563a and 12-800
- 712 to 12-818, inclusive, (C) the state lottery referred to in subsection (a) of
- section 53-278g, and (D) keno conducted by the corporation pursuant
- 714 to section 12-806c;

- 715 (5) "Keno" means a lottery game in which a subset of numbers are 716 drawn from a larger field of numbers by a central computer system 717 using an approved random number generator, wheel system device or 718 other drawing device. "Keno" does not include a game operated on a
- (6) "Lottery fund" means a fund or funds established by, and under the management and control of, the corporation, into which all lottery revenues of the corporation, and all revenues of sports wagering if the corporation is licensed to conduct sports wagering pursuant to section
- 3 or 4 of this act, are deposited, from which all payments and expenses of the corporation are paid and from which transfers to the General
- 726 Fund and sports wagering account are made pursuant to section 12-
- 727 812, as amended by this act; and

video facsimile machine;

- 728 (7) "Operating revenue" means total revenue received from lottery 729 sales less all cancelled sales and amounts paid as prizes but before 730 payment or provision for payment of any other expenses.
- Sec. 18. Section 12-806 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019*):
- 733 (a) The purposes of the corporation shall be to: (1) Operate and 734 manage the lottery in an entrepreneurial and business-like manner free 735 from the budgetary and other constraints that affect state agencies; (2) 736 provide continuing and increased revenue to the people of the state 737 through the lottery by being responsive to market forces and acting 738 generally as a corporation engaged in entrepreneurial pursuits; and (3) 739 ensure that the lottery continues to be operated with integrity and for 740 the public good.

- 741 (b) The corporation shall have the following powers:
- (1) To receive as transferee from the state of Connecticut all of the tangible and intangible assets constituting the lottery including the exclusive right to operate the lottery as the exclusive lottery of the state and, subject to subsection (b) of section 12-808, to assume and discharge all of the agreements, covenants and obligations of the Department of Consumer Protection entered into which constitute a part of the operation and management of the lottery;
- 749 (2) To operate and manage the lottery consistent with the provisions 750 of sections 1-120, 1-121, 1-125, 12-563, 12-563a, 12-564, 12-566, 12-568a 751 and 12-569, subsection (c) of section 12-574 and sections 12-800 to 12-752 818, inclusive, and as specifically provided in section 12-812;
  - (3) To have perpetual succession as a body corporate and to adopt bylaws, policies and procedures for the operation of its affairs and conduct of its businesses;
    - (4) To introduce new lottery games, modify existing lottery games, utilize existing and new technologies, determine distribution channels for the sale of lottery tickets, introduce keno pursuant to signed agreements with the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut, in accordance with section 12-806c, and, to the extent specifically authorized by regulations adopted by the Department of Consumer Protection pursuant to chapter 54, introduce instant ticket vending machines, kiosks and automated wagering systems or machines, with all such rights being subject to regulatory oversight by the Department of Consumer Protection, except that the corporation shall not offer any interactive on-line lottery games, including on-line video lottery games for promotional purposes;
    - (5) To establish an annual budget of revenues and expenditures, along with reasonable reserves for working capital, capital expenditures, debt retirement and other anticipated expenditures, in a manner and at levels considered by the board of directors as

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- 773 (6) To adopt such administrative and operating procedures which 774 the board of directors deems appropriate;
  - (7) To enter into agreements with one or more states or territories of the United States for the promotion and operation of joint lottery games and to continue to participate in any joint lottery game in which the corporation participates on July 1, 2003, regardless of whether any government-authorized lottery operated outside of the United States participates in such game;
    - (8) Subject to the provisions of section 12-815, to enter into agreements with vendors with respect to the operation and management of the lottery, including operation of lottery terminals, management services, printing of lottery tickets, management expertise, marketing expertise, advertising or such other goods or services as the board of directors deems necessary and appropriate;
- 787 (9) To purchase or lease operating equipment, including, but not 788 limited to, computer gaming and automated wagering systems and to 789 employ agents or employees to operate such systems;
  - (10) To retain unclaimed prize funds as additional revenue for the state, or to use unclaimed prize funds to increase sales, or to return to participants unclaimed prize funds in a manner designed to increase sales;
- 794 (11) To establish prize reserve accounts as the board of directors 795 deems appropriate;
  - (12) To pay lottery prizes as awarded under section 12-812, <u>as</u> <u>amended by this act</u>, to purchase annuities to fund such prizes, and to assure that all annuities from which payments to winners of lottery prizes are made are invested in instruments issued by agencies of the United States government and backed by the full faith and credit of the United States, or are issued by insurance companies licensed to do

- business in the state, provided the issuer has been determined by the Department of Consumer Protection to be financially stable and meets the minimum investment rating as determined by the department;
- 805 (13) To pay the Office of Policy and Management to reimburse the 806 Department of Consumer Protection for the reasonable and necessary 807 costs arising from the department's regulatory oversight of the 808 corporation, in accordance with the assessment made pursuant to 809 section 12-806b, including costs arising directly or indirectly from the 810 licensing of lottery agents, performance of state police background 811 investigations, and the implementation of subsection (b) of section 12-812 562 and sections 12-563a, 12-568a, 12-569, 12-570, 12-570a and 12-800 to 813 12-818, inclusive;
  - (14) In the event that the operation or management of the corporation becomes subject to the federal gaming occupation tax, to pay such tax on behalf of lottery sales agents and to assist agents subject thereto;
  - (15) To determine the commissions payable to lottery sales agents, provided any agent's commission shall not average less than four per cent of such agent's lottery sales;
  - (16) To invest in, acquire, lease, purchase, own, manage, hold and dispose of real property and lease, convey or deal in or enter into agreements with respect to such property on any terms necessary or incidental to carrying out the purposes of sections 12-563a and 12-800 to 12-818, inclusive, provided such transactions shall not be subject to approval, review or regulation pursuant to title 4b or any other statute by any state agency, except that real property transactions shall be subject to review by the State Properties Review Board;
  - (17) To borrow money for the purpose of obtaining working capital;
- (18) To hold patents, copyrights, trademarks, marketing rights, licenses or any other evidence of protection or exclusivity issued under the laws of the United States or any state;

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- 833 (19) To employ such assistants, agents and other employees as may 834 be necessary or desirable to carry out its purposes in accordance with 835 sections 12-563a and 12-800 to 12-818, inclusive, to fix their 836 compensation and, subject to the provisions of subsections (e) and (f) 837 of section 12-802, establish all necessary and appropriate personnel 838 practices and policies; to engage consultants, accountants, attorneys 839 and financial and other independent professionals as may be necessary 840 or desirable to assist the corporation in performing its purposes in 841 accordance with sections 12-563a and 12-800 to 12-818, inclusive;
  - (20) To make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under sections 12-563a and 12-800 to 12-818, inclusive;
  - (21) In its own name, to sue and be sued, plead and be impleaded, adopt a seal and alter the same at pleasure;
- (22) Subject to the approval of the board and to the requirement to remit excess lottery funds to the General Fund as set forth in section 12-812, as amended by this act, to invest any funds not needed for immediate use or disbursement, including any funds held in approved reserve accounts, in investments permitted by sections 3-20 and 3-27a for the proceeds of state bonds;
  - (23) To procure insurance against any loss in connection with its property and other assets in such amounts and from such insurers as it deems desirable;
  - (24) To the extent permitted under any contract with other persons to which the corporation is a party, to consent to any termination, modification, forgiveness or other change of any term of any contractual right, payment, royalty, contract or agreement of any kind;
  - (25) To acquire, lease, purchase, own, manage, hold and dispose of personal property, and lease, convey or deal in or enter into agreements with respect to such property on any terms necessary or incidental to the carrying out of these purposes;

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- 864 (26) To account for and audit funds of the corporation;
- 865 (27) To pay or provide for payment from operating revenues all 866 expenses, costs and obligations incurred by the corporation in the 867 exercise of the powers of the corporation under sections 12-563a and 868 12-800 to 12-818, inclusive; [and]
- 869 (28) To exercise any powers necessary to carry out the purposes of sections 12-563a and 12-800 to 12-818, inclusive; [.] and
- 871 (29) To operate sports wagering in person, if licensed pursuant to 872 section 3 of this act, and to operate sports wagering on a platform, if 873 licensed pursuant to section 4 of this act.
- Sec. 19. Section 17a-713 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019*):
  - (a) The Department of Mental Health and Addiction Services shall establish a program for the treatment and rehabilitation of compulsive gamblers in the state. The program shall provide prevention, treatment and rehabilitation services for chronic gamblers. The department may enter into agreements with subregional planning and action councils and nonprofit organizations to assist in providing these services, provided not less than twenty-five per cent of the amount received pursuant to section 12-818 annually shall be set aside for contracts with subregional planning and action councils established pursuant to section 17a-671 and nonprofit organizations and not less than five per cent of the amount received pursuant to section 12-818 annually shall be set aside for a contract with the Connecticut Council on Problem Gambling. The department may impose a reasonable fee, on a sliding scale, on those participants who can afford to pay for any such services. The department shall implement such program when the account established under subsection (b) of this section is sufficient to meet initial operating expenses. As used in this section, "chronic gambler" means a person who is chronically and progressively preoccupied with gambling and the urge to gamble, and with

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gambling behavior that compromises, disrupts or damages personal, family or vocational pursuits.

(b) The program established by subsection (a) of this section shall be funded by: [imposition of:] (1) [A] Imposition of a fee of one hundred thirty-five dollars on each association license, for each performance of jai alai or dog racing conducted under the provisions of chapter 226, provided no such licensee shall contribute more than forty-five thousand dollars in any one year; (2) imposition of a fee of twenty-five dollars for each teletheater performance on each operator of a teletheater facility; [and] (3) the amount received from the Connecticut Lottery Corporation pursuant to section 12-818; and (4) the amount received from the sports wagering account pursuant to section 6 of this act. The Commissioner of Consumer Protection shall collect the fee from each association licensee or such operator on a monthly basis. The receipts shall be deposited in the General Fund and credited to a separate, nonlapsing chronic gamblers treatment and rehabilitation account which shall be established by the Comptroller. All moneys in the account are deemed to be appropriated and shall be expended for the purposes established in subsection (a) of this section.

(c) The department shall adopt regulations in accordance with the provisions of chapter 54 to carry out the purposes of this section.

916 Sec. 20. Section 12-565a of the general statutes is repealed. (*Effective* 917 *July* 1, 2019)

This act shall take effect as follows and shall amend the following					
sections:					
		_			
Section 1	July 1, 2019	New section			
Sec. 2	July 1, 2019	New section			
Sec. 3	July 1, 2019	New section			
Sec. 4	July 1, 2019	New section			
Sec. 5	July 1, 2019	New section			
Sec. 6	July 1, 2019	New section			
Sec. 7	July 1, 2019	12-577			

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Sec. 8	July 1, 2019	12-811(b)
Sec. 9	July 1, 2019	12-812
Sec. 10	July 1, 2019	53-278a(2)
Sec. 11	July 1, 2019	53-278a(4)
Sec. 12	July 1, 2019	12-561
Sec. 13	July 1, 2019	12-810
Sec. 14	July 1, 2019	12-578f(a)(1)
Sec. 15	July 1, 2019	New section
Sec. 16	July 1, 2019	12-816
Sec. 17	July 1, 2019	12-801
Sec. 18	July 1, 2019	12-806
Sec. 19	July 1, 2019	17a-713
Sec. 20	July 1, 2019	Repealer section

## Statement of Legislative Commissioners:

In Section 2(a), internal and statutory references were changed for accuracy; in Section 4(g), an internal reference was changed for accuracy.

**PS** Joint Favorable Subst.